

DOCKET SECTION

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 1997

DOCKET NO. R97-1

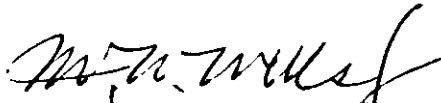
FLORIDA GIFT FRUIT SHIPPERS ASSOCIATION  
ANSWERS OF WITNESS DAVIS TO INTERROGATORIES  
OF UNITED STATES POSTAL SERVICE (USPS)

USPS/FGFSA-T3-1-5

February 17, 1998

Florida Gift Fruit Shippers Association (FGFSA) hereby provides the  
Answers of Witness Davis to interrogatories of USPS, USPS/FGFSA-T3-1-5.

Each interrogatory is stated verbatim, followed by the Answer.



M. W. Wells, Jr., Attorney for  
Florida Gift Fruit Shippers Association

USPS/FGFSA-T3-1

On page 2 of your testimony you state that you use "line-haul tractor trailer transportation, utilizing refrigerated trucks loaded to a capacity of 45,000 pounds. Parcels are drop-shipped at destination postal facilities."

- a. Please describe how Pittman and Davis purchases this transportation. Does it own the vehicles itself, does it lease them, obtain them under contract with a contract carrier, or does it use a common carrier.
- b. How many postal facilities do you dropship to?
- c. How many tractor trailers do you dispatch?
- d. To what extent do your tractor trailer shipments split their load among several destination postal facilities? Please explain.
- e. How do you decide which facilities receive your drop shipments? Please explain what factors influence your decision, including volume, value of shipments, cube, ability to consolidate shipments with other mailers, service performance, service commitments, etc.
- f. What is the average number of pieces drop shipped to each facility?
- g. What is the average weight of pieces drop shipped to each facility?
- h. What is the average cube of pieces drop shipped to each facility?

ANSWER

- a. Transportation is arranged through truck brokers. We tell the broker the destination or destinations, and the broker works with various companies using refrigerated trucks.
- b. 58
- c. 239 trailers during November and December, and 311 during the entire year.
- d. If we do not have a full load, about 45,000 pounds, for a single drop to a postal facility, we combine two or more drops on a single trailer. We try to arrange drops close together in order to minimize transportation cost. In 1997, we had 153 trailers for single drops, 64 for two drops, 36 for three drops and 60 for more than three drops.
- e. Primarily on postal cost savings and the volume of parcels for delivery in the area. The value or cube of the products do not influence the decision. We consolidate shipments with other mailers vary rarely. The service performance and service commitments we receive from USPS play a large part in our decision to use USPS over other delivery services, but rarely influences our decision as to which USPS facility we use.
- f. 1,073.
- g. 17.5 pounds.
- h. 1,460 cubic inches.

USPS/FGFSA-T3---2

What percentage of the Pittman and Davis business now shipped using the Postal Service is mailed to residential addresses?

ANSWER

83%

**USPS/FGFSA-T3-3**

**Will Pittman and Davis qualify for any of the new discounts the Postal Service is proposing for Standard B mail (see USPS-T-37)?**

- a. If so, please specify each such discount and provide an estimate of the volumes qualifying for each.**
- b. If not, does Pittman and Davis have plans to consolidate its shipments with those of other mailers in order to qualify?**

**ANSWER**

- a. We will qualify for the barcode discount, since we have used barcodes for a five digit zip code on our packages for some five years. We will not qualify for the DSCF rate if we have to sort or containerize, If we do not have to sort or containerize, the estimated volume is about 67,000 per year. We will not qualify for the DDU rate.**
- b. There are no present plans to consolidate our shipments with those of other mailers, if there is a requirement to sort or containerize. If we do not have to sort or containerize, there would be economic advantage for many perishable shippers to consolidate shipments.**

**USPS/FGFSA-T3-4**

How does Pittman and Davis determine the price to charge for a 10 pound package of fruit versus a 30 pound package of fruit? In providing your response, please assume that the type and quality of fruit in each package is the same.

**ANSWER**

Cost of fruit, cost of packing and transportation are on a per pound basis.

Cost of the carton is determined by size.

Cost of handling, office and overhead costs, and allowance for profit are on a per package basis.

USPS/FGFSA-T3-5

Please refer to page 4, lines 16-18 of your testimony. How does Pittman and Davis determine that a customer does not repeat due to a price increase, rather than for some other reason (spoiled fruit, late delivery, et.)?

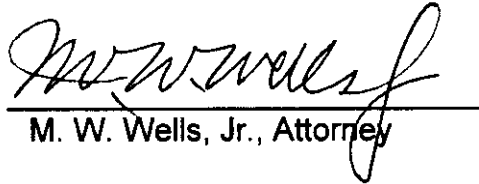
ANSWER

Our full guarantee of satisfaction is very prominent in our sales material. Customers are very prone to complain if there is any problem. If the customer or recipient reports any problem, we will send a replacement or refund. In years when the fruit is much more perishable than other years, we do not lose the loyalty of our customers, because we are prompt and generous with our adjustments. As a matter of fact, we get higher loyalty rates after an adjustment has taken place, as they have learned to trust us. When prices go up, the customer's choices include buying a smaller package or buying something of less cost from a competitor. When prices go up, we can measure the change to smaller packages, how customers purchase fewer parcels, and how the percent of repeat buyers goes down. We do not have an exact science as to how we might lose customer loyalty when prices go up, since we rarely have an across the board price increase, such as would be caused by a postal rate increase.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all parties of record in this proceeding on this date in accordance with Section 12 of the Rules of Practice and Procedure.

Dated : February 17, 1998

  
M. W. Wells, Jr., Attorney